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SUMMARY RECORD OF THE 5th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 4 November 1992, at 10.30 a.m.

President: Mr. BALAZS (Hungary)

CONTENTS

Agenda item		Paragraphs
16	Actions to be taken by the Industrial Development Board following the resignation of the Director-General (continued)	1 - 2
6	UNIDO environment programme (continued)	3 - 34

The meeting was called to order at 11 a.m.

ACTIONS TO BE TAKEN BY THE INDUSTRIAL DEVELOPMENT BOARD FOLLOWING THE RESIGNATION OF THE DIRECTOR-GENERAL (continued)

1. The PRESIDENT, reporting on the informal consultations, said that two rounds of open-ended consultations had taken place. Bearing in mind that it had been known since 1 September 1992 that the Director-General's post would fall vacant at the beginning of March 1993, the Board should deal with the matter promptly in order to minimize uncertainty as to how the vacancy would be filled. There seemed to be a consensus regarding the dual objective of finding the best candidate for the post of Director-General and doing so in the shortest possible time. Member States needed a period in which to submit nominations and a further period in which to consider them; time-limits should be set for both those steps, as preliminaries to the convening of a resumed session of the Board and of a special session of the General Conference. He suggested that informal consultations with open-ended participation should continue with a view to the drafting of a consensus text for a decision by the Board.

2. It was so agreed.

UNIDO ENVIRONMENT PROGRAMME (continued)
(IDB.10/17, IDB.10/32)

3. Mr. TAUFIK HABIBIE (Indonesia), speaking on behalf of the Asian Group of States, said that UNIDO's environment programme was of paramount importance to those States. They welcomed the holding of the Conference on Ecologically Sustainable Industrial Development in 1991 and the results of the recent United Nations Conference on Environment and Development. The latter had confirmed their belief that the issues of environment and development were inseparable and should be addressed in common. In pursuing environmentally sound and sustainable development, the developing countries would need new and adequate financial resources and access to the appropriate technology. The Asian States welcomed the idea of establishing a commission on sustainable development within the framework of the United Nations Economic and Social Council as a means of monitoring the implementation of agreed policies on environment and development and of ensuring that the action called for by Agenda 21 became a reality.

4. The present global deterioration of the environment stemmed essentially from wasteful production and consumption in industrialized countries. The developing countries were firmly committed to the preservation of natural resources, but needed to pursue policies that would alleviate poverty and promote environmentally sound and sustainable development. The world's environmental problems could best be dealt with through multilateral cooperation based on mutual benefit and shared responsibility, in a way that reconciled the interests of both groups of countries.

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5. A country that could increase its wealth was one that could help the pursuit of sustainable development. It ought therefore to be a major objective of international cooperation that the developing countries should be enabled to achieve self-sustained growth as rapidly as possible, for example by being allowed to obtain better prices for the commodities extracted from their natural resources and to add value to those commodities by processing them before export. The Asian States shared the view that a balance must be maintained between the conservation of resources and their use in industry. They endorsed the programme objectives of UNIDO described in the Director-General's updated UNIDO environment programme (IDB.10/17), and in particular subprogrammes II and III.

6. Mr. NEGRU (Romania) said that growing concern throughout the world about damage done to the environment had led the international community to encourage Governments to adopt policies which would ensure a better environment for future generations. The United Nations Conference on Environment and Development (UNCED) had undoubtedly been the main achievement in that process. It had benefited from a significant contribution from UNIDO in the form of the results of the Conference on Ecologically Sustainable Industrial Development. The principal documents adopted by UNCED, especially Agenda 21, were an extremely important guide for future UNIDO activities. Eastern European countries were particularly aware of the adverse effects on the environment of the rapid industrial development which had characterized earlier decades. In Romania, for example, huge metallurgical, chemical and petrochemical complexes had produced severe pollution, which had seriously affected the health of the inhabitants of densely populated areas.

7. During the previous year UNIDO had been involved in various environment-related projects concerning Romania. The Romanian environment had also been assessed by teams of international experts, whose findings were contained in a World Bank document, which incorporated an action plan. Among other things, the plan called for training and legislation that would help the country to improve its environment. In view of those recommendations and the pressing needs of Romanian industry, UNIDO's assistance would be valuable for his country in the following areas: training Romanian specialists in the preparation of environmental impact assessment and environmental audits and, in collaboration with the United Nations Environment Programme (UNEP), in the methodology of environmental impact studies; providing access, through UNIDO and UNEP, to environment-related databases, especially in regard to chemical and petrochemical industries; providing access to new energy-saving technologies for destroying highly toxic wastes, as well as mobilizing financial resources for their introduction; and increasing the number of biotechnologies employed in Romania in fields such as food technology and the chemical industry. Projects in those areas involving the joint financial support of UNIDO and other interested organizations and economic operators would contribute significantly to restructuring Romanian industry and thereby improving the environment.

8. Mr. HELLER (Mexico) said that the environment programme of UNIDO described in the two documents before the Board (IDB.10/17, IDB.10/32) was interesting but did not fall entirely within the Organization's mandate; it was also well beyond UNIDO's technical and financial capacity. As presented to the Board, the division of UNIDO's environmental activities into a programme proper and a response to Agenda 21 made for confusion and conflicted with the invitation to the Director-General in General Conference resolution GC.4/18 to produce a consolidated programme. The action proposed in the updated programme (IDB.10/17) would dissipate the Organization's resources and raise doubts about the viability of international cooperation as a means of solving environmental problems in the manner recommended by the United Nations Conference on Environment and Development (UNCED). Both documents purported to endorse the results achieved by the Conference on Ecologically Sustainable Industrial Development, but in fact neither clearly reflected the Conference's conclusions and recommendations, which were alleged to be covered by chapter 30 of Agenda 21.

9. The document on UNIDO's response to Agenda 21 (IDB.10/32) could be regarded as a good exercise in comparing some chapters of the Agenda with the activities of UNIDO. It indicated the way in which UNIDO might expand into areas that were not at present within its mandate. The means by which it proposed to contribute to the execution of Agenda 21 could, however, provide no more than marginal support, except in regard to operational activities and investment promotion, and would in any case be limited by the availability of resources.

10. A key element in UNIDO's participation in the follow-up of UNCED should be effective cooperation with other international organizations. Close attention should be paid to the decisions taken by the United Nations General Assembly at its forty-seventh session. No attempt should be made to enter fields which were outside UNIDO's terms of reference or which were already the subject of specific projects, such as human settlements, participation of women, biotechnology and protection of the oceans. In no event should Agenda 21 be taken as justification for UNIDO to broaden programmes or recruit staff, particularly in its present financial circumstances. The updated programme proposed four subprogrammes, which could hardly be undertaken simultaneously, since UNIDO lacked staff qualified to deal with the environment. In any case, UNCED had entrusted to the United Nations Development Programme much of the work that UNIDO was proposing to do.

11. The content of the documents placed before the Board on the item under discussion made it clear that the Organization's policy-making organs should identify priorities for the environment programme with a view to ensuring the development of projects that would achieve practical results. His delegation proposed that the Secretariat should reformulate its environment strategy and submit a consolidated environment programme to the General Conference at its fifth session. UNIDO's present work on the environment should be financed from additional financial resources provided for the purpose by Member States.

12. Ms. MARRERO (Cuba), stating her delegation's view that document IDB.10/32 offered a good initial basis for UNIDO's participation in Agenda 21, said it was essential at the present IDB session to endorse the position that the Organization's entire work in industrialization, development and environment should be permanently set in the policy framework of the Rio Declaration.

As far as the financial aspects of those activities were concerned, UNIDO would have to press for additional resources in the form of donations or concessional lending, as a prerequisite for enabling the developing countries to fulfil their commitments under Agenda 21. As the Rio Conference had itself stated, it was vitally important that those countries participate in the programme. The Organization could be sure of her country's support for its work in the environmental field.

13. Mr. CHEN Shiqiu (China), noting that the updated environment programme gave full consideration to urgent environmental problems relating to industry in the developing countries, commended UNIDO's past work in the environment field and its contribution to the Rio Conference of June 1992.

14. With changes in global social and economic activities, environmental issues had increasingly become a matter of concern to all, since industrial pollution was an important factor in deterioration of the environment. In its promotion of industrialization in the developing countries, UNIDO should make a constant effort to solve the environmental problems, but, at the same time, it should recognize the limits to its ability to handle such a complex global issue. The Organization should therefore focus on areas where it enjoyed a particular advantage in order to solve specific problems related to the industrialization of developing countries. At the present stage, UNIDO should select certain clean technologies that would reduce pollution and help to transfer them to the developing countries. The Secretariat should also strengthen consultation, coordination and cooperation on environmental issues with other international organizations, particularly UNDP.

15. Mr. WOTAVA (Austria), welcoming the increasing importance attached to environmental protection by UNIDO, said that it represented a specific challenge for the Organization since industrialization was often the biggest source of pollution and a major threat to sustainable development. UNIDO would therefore have to define its policy, which should be to facilitate the establishment of clean industries able to respond efficiently to the scarcity of natural resources.

16. Austria believed in the positive role industry had to play in achieving sustainable development, particularly in the light of the close relationship between poverty and environmental degradation. The Conference on Ecologically Sustainable Industrial Development (ESID) had been a good starting point for the Organization's work in that area. UNIDO ought to be enabled to take part in the work of the future United Nations Commission on Sustainable Development, as a reflection of its key role in the global process of securing such development.

17. In view of the Organization's tight financial situation, his delegation saw the need for coordination both within UNIDO, to cover environmentally important issues at all levels of activity, and with those United Nations bodies which were involved in the UNCED follow-up process. To facilitate the most efficient use of scarce resources, UNIDO should focus on areas where it had a specific advantage.

18. Mr. MACHIN (United Kingdom), speaking on behalf of the member States of the European Community, associated himself with the remarks made by the representative of Norway on behalf of the Nordic countries.

19. Expressing the view that UNIDO's environment programme was on the right track and that the two documents under consideration provided a good basis for the follow-up to Agenda 21, he nevertheless stressed the importance of a coordinated approach to environmental issues throughout the United Nations system so as to ensure complementarity and avoid duplication. An ACC Task Force under Mr. Saouma had been examining how all United Nations agencies should respond to Agenda 21. In view of UNIDO's mandate, and since the work of the Task Force might well have a bearing on UNIDO's future efforts in that field, he emphasized the need for UNIDO to be fully involved in activities of that nature. It could also have a key role to play in a number of activities supported by the Interim Multilateral Fund under the Montreal Protocol and the Global Environment Facility. He welcomed the Organization's efforts to become an executing agency of the Montreal Protocol and, in particular, the news that it was shortly to sign the Protocol.

20. He agreed that the Organization should commit itself to sustainable industrial development and considered that the four proposed subprogrammes were perfectly in line with that aim. He would encourage it to increase its efforts for ecologically sustainable industrial development, taking special account of the close relationship between energy and environmental protection. UNIDO should ensure that the environmental impact was fully covered in all its programmes and projects. He would welcome more concrete information on the proposed subprogramme activities.

21. Mr. STARSHINOV (Russian Federation), commending the updated UNIDO environment programme, expressed the wish that the introduction of ecologically sustainable industrial technologies should be given no less, and perhaps more, priority than the identification of such technologies.

22. The fact that a number of the principles governing UNIDO's environment work had been used in the conclusions and recommendations of the UNCED Conference, with a marked effect on Agenda 21, reflected recognition of UNIDO's accumulated experience in ecologically sustainable industrial development (ESID). The Organization's proposed environment programme was a more extensive one than it had undertaken previously. Subprogramme II - on integrating environmental considerations into developing countries' industrial development strategies and policies - would require particularly close coordination with UNEP and other bodies in the United Nations system, in order to avoid overlapping and wastage of resources. It would clearly be necessary to expand the role of the Environment Coordination Unit set up in UNIDO in 1990.

23. In view of the multidisciplinary nature of the problems relating to ESID, their solution as a rule required a comprehensive approach and hence the involvement of a wide range of participants and close coordination of their work, not only at the sectoral or cross-sectoral level, but often on the scale of an entire country or group of countries. UNIDO's activity in that area must naturally take account of the interests of as many Member States as possible and stimulate greater cooperation among them. The Organization should make the broadest possible use of its experience

of technical cooperation among developing countries through regional projects. That approach also seemed preferable from the angle of mobilizing and optimizing the utilization of both financial and human resources. In addition, it would provide a natural basis for broader involvement of the industrially developed countries in the implementation of ESID. In that regard, closer cooperation was to be recommended with the United Nations Economic Commission for Europe, which had recently intensified its environmental protection activity in Europe. The adoption of agreed programmes by UNIDO and ECE would be of immediate relevance for the many countries with economies in transition and for individual subregions.

24. For the successful implementation of UNIDO's environment programme, substantial additional financial resources would clearly be required. The Organization therefore needed to step up its efforts to identify multilateral sources of financing, including the private sector, donor funds, special contributions and the like. It would be appropriate, in particular, to define the mechanism for utilization of the resources at present in the hands of the Global Ecological Fund and to determine whether UNIDO could in fact rely on being able to draw upon part of the Fund's resources for the implementation of programmes and projects connected with ESID.

25. The World Bank, UNDP, UNEP and the Global Ecological Fund should make more active use of UNIDO's capacity for technical assistance in environmental protection. It was to be regretted that the Organization had not been invited to join the ACC Task Force on Environment and Development set up by the Secretary-General of the United Nations to direct the establishment of organizational machinery after UNCED.

26. Since a number of United Nations specialized agencies, including UNIDO, possessed extensive experience and long-term programmes in the fields in question, his delegation hoped that resources for the implementation of Agenda 21 would be channelled primarily through those agencies, particularly resources supplied by funding institutions or mechanisms within the United Nations system.

27. Of special importance in the implementation of the ESID programme would be the exchange of information among participants. UNIDO could make a considerable contribution to the process by constantly updating and expanding the database in that area and improving the mechanisms for conveying the information to users.

28. In conclusion, he expressed support for UNIDO's intention to become the fourth executing agency of the Montreal Protocol and to play its active part in the Commission on Sustainable Development to be set up by the Economic and Social Council.

29. Mrs. PETTER (Switzerland) said that the United Nations Conference on Environment and Development, one of the major political events of the year, had made it clear that in future all development had to be sustainable, and hence had to allow for the ecological aspect. As a concept affecting a number of different sectors, sustainable development required an innovative and multisectoral approach. The activities of the entire United Nations system would therefore have to be better coordinated in order to avoid duplication and ensure that all areas concerned were properly covered. To achieve an effective division of labour, account needed to be taken of the mandates of subsidiary bodies and of the specialized agencies, with an eye to any specific advantages each of them might possess.

30. Her country was somewhat surprised to note that UNIDO had so far scarcely been mentioned in connection with the follow-up to UNCED.

31. The Organization possessed specific experience and considerable know-how in that area, as was clear from document IDB.10/32, and hence should be included on a long-term basis in activities relating to the implementation of Agenda 21.

32. Mr. ARASTOU (Islamic Republic of Iran) stressed that the protection of the environment was undoubtedly one of the crucial problems facing humanity. With the rapid growth of industry in the developing countries in particular, coupled with disregard for ecological issues, the world was faced with an unprecedented situation, in which it either had to take action or face certain tragedy. It was fortunate, however, that public awareness of environmental matters and industrial pollution had greatly increased in recent years. That had, indeed, prompted the convening of the United Nations Conference on Environment and Development (UNCED) and the Conference on Ecologically Sustainable Industrial Development (ESID). UNIDO and all its Member States should join in implementing UNCED's Agenda 21 for the sake of greater human happiness.

33. His Government had invariably given top priority to its environmental protection programmes, having experienced the bitter consequences of environmental pollution due to an eight-year war forced on it, which had been followed by the Gulf conflict. Suitable laws and regulations had been enacted in Iran for environmental protection and sustainable industrial development. Several centres had been established to pursue those aims in the leather, chemical and other processing industries, and Iran had been in contact with the World Bank in connection with investment in clean technologies. experts from the Bank had conducted a survey of the country's industrial situation and the Bank was to grant credit facilities to Iranian enterprises, particularly those that had recently been privatized. That process was proceeding apace and private enterprises were seeking start-up capital from the World Bank or other international financial institutions. With regard to joint ventures, foreign-based companies could enter into partnership with their Iranian counterparts and invest up to 100 per cent of the required capital, particularly in the Ghishim Industrial Free Zone. Safety of investment and repatriation of profits would be guaranteed by the Iranian Government.

34. As to investment relations with UNIDO, Iran planned to set up an Industrial Promotion Service in cooperation with UNIDO in Teheran. The Director of UNIDO's Industrial Investment Service in Paris had recently visited Iran and conducted a study of the investment potential offered by the country. Following submission of his report to UNIDO, an IPS office would be established in Teheran.

The meeting rose at noon.